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Remarks by Secretary of Agriculture Bob Bergland
at the Consumer Assembly '77

"Face to Face with the New Leadership" 272

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INTRODUCTION: Minx Auerbach, Director, Consumer Affairs
Department, Louisville, Kentucky

BERGLAND:

Thank you very much. Thank you very much, Minx, for that kind and
generous introduction.

To the "big shots" at the head table, to my fellow consumers, I have
an announcement to make, which will come as no surprise. After these last
two days I am sure that you will agree with me that elections can make a
difference!

I am Jimmy Carter's farmer! Billy is there in the wings, of course, but
I am Jimmy Carter's farmer in a balanced Administration, and I want to speak
to the plans which are involved in the decision-making process so far.

I've farmed 27 years of my life, and during those 27 years, I have
always regarded the consumer as my customer. Not an adversary, not a person
with whom one should start an argument, but a customer -- whose needs, whose
problems, whose tastes, whose wants and whose concerns deserve the respect
of all who are involved in government, and in this business of growing the
nation's, indeed much of the world's food and fiber.

I grew up in an environment, the state of Minnesota, where we have
found that producers and consumers have more in common than they do in
disagreement. And the skill of this administration will be tested by the
extent to which we can find those common interests and build upon them, in
a rational, calm, businesslike environment. And put down the fires of dissent
that tend to inflame passions and drive wedges between producers and consumers.

In my State, we have found how to translate that common interest into
the political process under the banner and heading of the Democratic Farmer
Labor Party. We have produced persons such as Hubert Humphrey, about whom
you've heard, a guy named Walter Mondale, from whom you'll hear much more,
and others too numerous to mention. All of whom have grown up in an
environment in which we find that common interest.

As a producer, I know that unless consumers have jobs at a decent wage,
and are able to buy good clean, wholesome, healthy food, the producer will
suffer. As consumers, I know that you too understand that unless farmers

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prosper, are able to take on the enormous risks involved in agriculture -- unless they're able to derive enough income to pay those expenses which are common to agriculture these days, the farmers will suffer, and consumers will pay.

And so it will be my intention to do that which we can do within USDA to bring together the producer and the consumer. And in some quarters, this is looked upon as a tragic mistake. But we intend to proceed to broaden the base of the Department of Agriculture for many good reasons, which I'll not enumerate here today.

We're going to bring the voice of consumerism into the decision-making process of the Department of Agriculture. I have requested authority to create a new Assistant Secretaryship for Food, Nutrition and Consumer Affairs -- to which I would like to appoint a Carol Foreman type. That person, whomever he or she may be, will be the person to whom I shall turn for advice and counsel in the decision-making process.

We have some problems in trying to sort out the responsibilities that rightfully should go to an Assistant Secretaryship carrying that title, because everybody in the United States is a consumer. Everything the Department of Agriculture does or ever has done has consumer implications.

There's a tendency, I think, to reduce the definition -- putting the consumer in the category of a housewife who goes to the grocery store and pushes a shopping bag with kids around her. Indeed, the consumer wears overalls, he or she wears business attire. They're found in factories, in fields, in the farms and in the homes all across the United States.

And so the Department of Agriculture very properly should serve all the consumers of this country, at the expense of no one. And so we're going to be making some profound and fundamental changes in our policy, the likes of which have not occurred in a hundred years.

Which will be unsettling to some, because most of us are creatures of habit. We're more comfortable with yesterday, we've lived that. Tomorrow is a new frontier with which we've had no experience. And so we need to look beyond yesterday, into tomorrow, and into next week, as best we can, with a vision of what this world can be. Then find those ways and means of working toward that end.

Some of that which we do will be unsettling maybe to a few of you. I have been looking over the list of 128 advisory committees which have been constructed over the years to bring consumer representation into the decision-making process of the Department of Agriculture, and I find from that proliferation of committees the voice of consumerism as generally fragmented, and lost somewhere along the way.

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And in compliance with a request issued recently by our President, Jimmy Carter, we're going to examine the role and mission of every advisory committee in that place. I think we can reduce that by half, without reducing but indeed at the same time increasing the effectiveness of that great institution, the Department of Agriculture.

And so, don't be alarmed if you see in the process that we have decided to terminate an advisory committee, because that termination will come only if we find a better way of utilizing that expertise in an effective, meaningful way. Not simply in an advisory capacity which has resulted in a report at some considerable public expense, that ended the day the report was published.

We're going to make other changes in there, if we have the power. The President has requested authority to enable this government to reorganize itself so as to be more effective and efficient in delivering the services to which we are entitled -- and as taxpayers, at the lowest possible cost, will be of great interest.

Carol and I and others have been talking about, do we really need to have 17 different public feeding programs in the federal government -- seventeen! Often uncoordinated, often ill-managed, in many cases duplicative. And, if you want my honest, candid opinion, I think they're a mess.

Now, we're going to maintain a strong commitment to the needs of hungry people -- develop a stronger commitment than any which has characterized Administrations of the recent past.

But we'll need to change -- we'll need to change delivery systems. We'll need to combine, to put people in charge who understand, who care and who know how.

And so I hope the request of the President, which is now pending before the Congress of the United States, is soon acted upon. The sooner that is granted, the sooner we can get started with modernizing the machinery of government, delivering services at the lowest possible cost to people who need help.

We're going to broaden our horizons beyond our shores. While it's true the American farmer has produced an abundance which has been exported, earning dollars which have paid for the oil that you and I import in greater and greater quantities, there is a role and a mission for the Department of Agriculture beyond that particular endeavor.

Under its official heading, Public Law 480 in the early years of the 1950's and 1960's was used as a surplus dumping device to get rid of surplus foods which had accumulated in the granaries of the United States, without much regard to what impact it had upon the economy of the receiving country. During the 60's that was changed and Public Law 480 was used to finance rice sales to our so-called allies in that disastrous holocaust in Southeast Asia, and now we're looking at a new mission.

I'm 48 years old, and the world's population has doubled in my lifetime. It grows at the rate of 200,000 a day. And if this trend continues, and God gives me forty years, it will double again in my lifetime. And we're losing a million acres of cropland in the United States every year, paved over -- fifteen tons of topsoil down and out the mouth of the Mississippi River every second!

My friends, we have problems, which we haven't even commenced to address. And there are those who have suggested that the United States, with its enormous abundance, can feed the world. But I'm sorry to report that we cannot keep up. And the real skills of this Administration in the field of foreign affairs will, I submit, be tested by the extent to which we're able to use American food aid as a developmental tool to help those hungry people to help themselves.

The President has said, time and again, that peace will be brought when we have learned how to exchange goods and ideas, and not gunfire. And so we're going to be looking at the mission of Public Law 480.

How can we use that to help hungry people help themselves? For once they've broken out of that mode of continuing starvation, they will come back to the United States as a friend, and as a customer.

Indeed, we are going to be looking at every mission in the Department of Agriculture. Reference was made to my interest in weather. That interest derives from 27 years of experience in running a farm in Minnesota. In those 27 years I've had average weather twice in my life. Twice! In 25 years, it's been too wet, or too hot, or too cold, or too dry.

And I've issued a ruling that never again do I want to see an economic report come out of the Department of Agriculture that assumes average weather, 'cause there ain't no such thing. And anytime a government bases a food policy on an assumption that you're going to have average weather, that policy is bound to get in trouble. Because that policy is not based on the real world, but rather on a dream world which simply does not exist.

And we intend to utilize the services of climatologists, and other experts. We're not going to duplicate weather research which has gone on and has been done in a very admirable and professional fashion at the Weather Bureau, at NASA, and elsewhere. We're simply going to translate that tremendous body of information into an economic model, so we can give you the odds. What are the odds of the snowpack in California going from bad to worse? What impact will this have on consumers and producers?

We know that in 1977 crop year the corn crop in the United States will probably not be less than 4 billion bushels and not more than 6 billion -- a 30 percent differential governed by weather. And the policies of USDA have been characterized as being one of benign neglect, as though weather didn't exist.

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And so we've had boom and bust. Boom and bust. Disasterous for the producer, and I can tell you as a grower, they lead to bankruptcy. Disasterous to the consumer, because of the devastating impact prices have on a tight budget. And I know how that can be. In 1954 we didn't have any crop. We had 3 kids and we didn't have any money. We had 73 bucks, if you want to know the truth, and my wife and I took off from our little home in northern Minnesota looking for a job. Any place, do anything; I needed a job. We wound up in Florida. A friend said "there's work down here" and so we went. Spent half the winter living on catfish which we caught free, and orange juice which we picked up off the ground.

I found a job. But I know what it's like to want to work and can't find it. The worst kind of punishment that can be inflicted on any able-bodied person. I know what it's like to have a budget that simply doesn't accommodate those surging cost increases. And I know what it's like to farm and lose a crop. Or be nearly bankrupted because prices fell due to some circumstances beyond our control.

And so we can help devise a policy that makes sense, for all of us. There is a public question about whether or not we're going to have reserve stocks in the United States. That is an academic exercise in futility, if ever I heard one. An exercise which I don't choose to pursue.

We have on hand right now the largest reserve of rice we've ever had in the history of the United States. It's there. We have on hand right now the largest reserve of wheat we've had in 14 years, that we've inherited from the out-going Administration. And those reserves did not come about as a consequence of some policy decision made by my predecessors.

The question of whether we have reserves or how large they will be will be governed by the kind of weather we have in the United States and around the world. And we need therefore to devise a strategy that accommodates that inevitable trend. Some years we'll have large stocks, as in this year. And it's raising Cain with the producers. They're in big trouble, believe me. They can't pay their bills. I know that, because I'm one of them.

And if we were to give these wheat stocks away, as some have suggested -- empty the granaries of the United States and the drought should continue to worsen, the price of food would go up. And I know what that's like -- to be stuck in a budget that won't expand to accommodate that inevitable trend.

And so we're in the process of working out a policy we will recommend to the Congress, that'll be businesslike -- that will not leave the question of food supplies and price to chance. But in those years in which we produce more than we can consume because of weather trends and conditions, that reserve will be isolated from the marketplace, owned by the producers.

We can keep a market-oriented program, but taken out of contention so the growers of wheat can stay alive financially. And in those years in which the world conditions change, that wheat can be sold, avoiding to some extent at least, devastating boom and bust pricing.

I'm here to ask for your help. Those things which we will attempt to do will oftentimes be new and innovative, unsettling to some. And there are times in which we have and will miss an opportunity, simply because we don't know, or don't understand.

My doors are open. Anytime you and your delegates and your leaders or officers want to see me, please come. While I'm going to be a farmer spokesman in this Administration, I respect you and I respect your advice. I respect your needs, and the cause which you represent. I want to thank you for this invitation to come here today, my first opportunity to speak to a consumer group, a friendly group.

And at this time, I understand, the rules are that I'm to submit myself to a panel of experts who will do their best to stump me. And they shall, I know, on some of these questions. And when they do, I'll admit it. With that, who's first?

AUERBACH: Thank you, Mr. Secretary. While the panel is moving up here, I will introduce the moderator, Ellen Haas, who is the Consumer Coordinator of the Community Nutrition Institute of Washington. And Ellen, will you please introduce your panel?

HAAS: Secretary Bergland, it's marvelous to hear of the friend we'll have in the Department of Agriculture. However our panel, acknowledging the fact of the friend, acknowledging the fact of the broadening of the Department of Agriculture to include consumers and farmers together in policy-making, comes loaded as you can guess, with pockets full of questions. Those who will be asking the questions come from all parts of the country, with various perspective. Our first panelist to ask you questions is Dan McCurry from the Chicago Consumer Coalition, and a member of the Board of Directors of Consumer Federation of America.

McCURRY: Mr. Secretary, the problem of dairy marketing regulations has received greater attention in the last two years, than probably in the last twenty or thirty. As a Congressman you appeared at a workshop on the topic; Federal Courts have and are acting to stop some of the abuses. The Department of Justice has even recently recommended abolishing market orders, calling them an inefficient means of raising farm income. Farmers are concerned about these actions. So are consumers. How do you propose to resolve the differences, and where in the world do you begin as Secretary to do that?

BERGLAND: Boy, they didn't kid me when, they said they were going to be tough.

We're going to examine every marketing device which is currently in law, or in practice, to see whether or not they are indeed in the interest of the consumer, in the long run. I'm not able to outline to you any specific changes in the dairy market order or system of market orders, until I've had a better opportunity to examine them from a different perspective.

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I will say this, however, that I want to warn you I have a bent. I think the most disastrous consequence of policy would be that which results in the elimination of competition. And in the part of the country from which I come, the dairy industry is supplied by thousands of small dairy enterprises who've been held together by their cooperative, which has come under attack recently.

I would not pursue nor recommend a policy that would result in the abolition of the capacity of small producers to stay alive. For if and when they go, the giants in the industry will have it to themselves.

And so, while I think we need to look at every device, to be sure that the producer is getting that which he or she deserves, and the consumer is being well served by the apparatus, we must not in our zeal for reform, destroy competition. Therefore, I think -- proceed with some discretion. I'll be more than willing to look at every idea which has been promoted by anybody to see whether or not we can improve our systems, which no one claims to be perfect.

HAAS: Our next candidate to ask a question is Sheila Sidles from the Iowa Consumers League.

SIDLES: Secretary Bergland, I was asked to ask a question on the grain reserve, so I think I'll get into a little bit of grain reserves and how it affects consumers. One of the things that we are concerned about in the Midwest, as I talk to farmers and to consumers, we understand from some of your background, you've been a member of the National Farmers Union, a member of Congress on the Agricultural Committee.

But now that you're a Cabinet Member, many people are concerned about what kind of policy you might formulate to use on answering requests and pressures of other Cabinet Members, such as the Secretary of State, or the President, for assistance in international negotiations in using our great reserves as an economic weapon. We are concerned how it has been used in the past, and we would like to know your feelings about the use of grain in the future on economic problems, international problems?

BERGLAND: I was rather amused on occasion during the last few years to hear the pronouncements emanating from the Department of Agriculture and elsewhere about how we would not, or the government policy at the time was that of non-intervention. And then, lo and behold, we saw frantic intervention in the form of embargoes. A most unbusinesslike, a most unwise form of management.

To avoid that being repeated, the President has directed the formulation of an economic policy group. And as stated, that the Secretaries of State, Treasury and Agriculture shall share coequal status in the formulation of economic policies that have to do with the exportation of farm products so that no one is blind-sided.

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We are not going to have the Department of State write the American agricultural export policy. I've talked with Secretary Vance, he completely understands and agrees, as a matter of fact, that these policies need to be carefully thought out and represent the Administration, not the Department of State. And so there'll be no more surprises.

Now, the question of how to use food reserves is of course one that has yet to be fully thought out because the commercial sales of agricultural commodities will go on and on and with some predictability in every instance except that in the Soviet Union. They're very good merchants. I was put on that subcommittee in the Congress in 1972 to look at the Russian wheat deal, and I developed a healthy respect for their business judgement. They preach communism and they practice capitalism with a flair. They're very good at it. And they like to descend out of the dark of night and swoop down on our markets and pick up what they want and then go. They know how to do that. Well, that's something that is difficult and troublesome for us, but I think we can reduce that threat. So the commercial sector is fairly predictable. That which is yet to be clearly developed is the use of Public Law 480, emergency food assistance. We do not propose to use it as an economic or political weapon. Rather we propose to use it as a developmental tool. Precisely how, we don't know yet. We've only been there three weeks. But we'll find an answer.

HAAS: Our next panelist is Jeff Kirsh, who's the program coordinator for the Food Research and Action Center. The past 6 years FRAC, which is housed up in New York, has spent most of their time suing the USDA on food stamps and other feeding programs, as you well know. Well it's going to be interesting to see, after these questions, how much employment they're going to have. Jeff Kirsh.

KIRSH: Mr. Secretary, your answers won't be binding.

BERGLAND: Thank you.

KIRSH: You'll soon have some tough decisions to make with regard to Food Stamp Program legislation. Currently the Program serves about 17 million people. But there are many people, many poor people, who are shut out of the Program because they can't afford your purchase price. They can't afford to buy into the Program. Thus, one of the major issues perhaps the key issue will be whether or not to eliminate that purchase requirement. Do you favor such a legislative provision and will you put, if so, that it be part of the Administration's food stamp bill?

BERGLAND: First of all, may I say that I have no intention of pushing the Food Stamp Program out of USDA into some other Department. I think we can run it as well as anybody, and better than most. And we are going to hire people that know how, and who care about poor people. And we'll be making some changes, much of which we will have to have legislatively because the program expires this October.

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Starting on Monday, I'm going to be talking with, among others, Carol Foreman and people who are regarded as an authority on the needs of poor folks in this country in designing a new program. Not to replace the Food Stamp Program, but to improve upon it, and to extend it.

Now, precisely the kinds of changes which we ultimately will recommend is hard to say. Eliminating the purchase requirement is an option, which interests me a lot. It has a price tag, and we'll have to look at every conceivable alternative, to see what we may do to increase the delivery of food to poor people.

And I know from my experience in the Congress; I spent six years representing a poor rural district. And with only 16 percent of the eligibles participating, I went out to find out why? And I found there are many poor people who would not sign up and take relief. The stigma was overwhelming; no way would they go to that county welfare office. And they were hungry. We found elderly people who were living in their homes and had no automobile and no way of getting around; no way they could drive down some distance to the county agency and sign up, so they stayed out.

Those are the kinds of problems we're going to look at, to see what we can do in changing the program to reduce or eliminate the stigma which has arisen over the years in connection with this program, to aid those poor hungry folks who have no way of using the program under its present design.

And to simplify it. I mean, it's incredibly complicated. It boggles the mind. And I filled out one of those reports. I'm not exactly illiterate, and I worked hard to figure out how to do it and I thought "Good heavens, what if this was my poor Aunt Ethel?" You know, so we're going to fix that.

We need lawyers, I've nothing against lawyers. No matter what the President says, I know we got to have them around. But, I did something the other day. At the request of the President, I required the author of regulations, the guy or the gal who wrote them, that they sign them. And if you're going to write these confounded things, put your name on it, I'm not going to do it. Put your name on it so when it appears in the Federal Register there's a name, your name. And that was a little unsettling, to some. It will do a lot, I think, to simplify the federal process. The President knew what he was talking about when he directed us to use or adopt that policy.

And so we're looking at every option and I have not had time to look at the precise changes which we will ultimately recommend, but we hope that we will be completed with our studies and our work on the food stamp amendments, so we can be back and present our views to the Congress on or about the 15th of March.

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HAAS: Secretary Bergland, I'd like to look ahead down the pike a little bit. The question of reorganization certainly is on the Carter agenda. In the area of agriculture, the Department of Agriculture has historically been viewed, as having a very narrow mission. You talk about broadening that mission. You've gone on record today, you've gone on record before, as being in favor of a broad mandate for the Department of Agriculture. I'd like to know what specific reorganizational changes you favor to broaden the base of this Department, specifically in the area of food safety and natural resources.

BERGLAND: I am proposing, or going to propose ... I don't really know about these terms you know. I'm kind of new at this business, and I'm not supposed to let the cat out of the bag. And so, if I do, Mr. President, forgive me.

But we have recommended that we change the Department internally to accommodate that which you have suggested, by creating a new Assistant Secretaryship for Food, Nutrition and Consumer Affairs, or some such title. Under the general direction of that person will fall the food programs of USDA. That represents two-thirds of the budget of the Department of Agriculture, 9 billion dollars for openers.

We propose to add to that, services which heretofore had been either split up and sent into other Departments, other agencies of the Department: composed of, for among other things, the grading standards, for poultry, red meats, fruits and vegetables; the inspection services which flow at the processing end and down the food chain, to be certain that those standards are complied with; to be certain that the regulations requiring clean, healthy, safe working places under the authority of the Department of Agriculture be vested with an agency that would be under the general direction of that new Assistant Secretaryship.

That requires the splitting of some of the agencies' missions. Now there will be other recommended changes, I understand, because everything the Department does is in one way or another, consumer-related. And so it's merely a matter of providing that person with as much as he or she can handle, but not becoming overburdened. And we'll be proceeding with the fine tuning, which we can do under the law, mind you, and if the President gets the authority he's requested, for further functional realignment, we have some new, exciting things we'd like to propose.

HAAS: I guess that question really was projecting even further down the line. There have been proposals to broaden the base in the Department of Agriculture in the area of food safety beyond that federal meat inspection program that you spoke about, to other food safety programs in the rest of Federal government, for example, the bureau of FDA, and would like to hear your comments.

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BERGLAND: Well, I think the Department of Agriculture has within it an enormous body of expertise. We have good employees, very talented -- some of whom are not working at full capacity. And we can make some changes there with the President's new zero-based budgeting management method.

But in terms of recommending, or even speculating about whether the Food and Drug Administration should be split up and farmed out, which is what you're getting at, I'm really not able to say because I don't know. But I do know that by the end of April we will have a list of those things which we find duplicated between the Department of Agriculture and one or a number of other Departments in town.

And I've already started to look at some. You know, there are two rural housing programs running side by side; now that doesn't make sense. There are three different Departments involved in the business of aiding communities in rural, water and sewer financing; that doesn't make sense. Three of them! Three different Departments involved in administering food aid programs.

Now the duplication goes on and on and on. And so the President will be looking at blueprints and ideas and strategies to realign agencies and missions so that there is a line of responsibility clearly vested in some place, and persons can be held accountable, for that which he or she may or may not do. And so I am giving you a run around on your answer, because I can't, except speculate.

HAAS: Dan McCurry, is next.

MCCURRY: Mr. Secretary, there is increasing concern about the present capital crisis experienced by family farmers in this country. It's quickly resulting in a movement of large corporations and banks in farm ownership. One prime example of that was the recent threat of a \$50 million fund for a tax exempt pension fund to Chicago's bank, Continental Illinois, that's put together to buy working farms.

Two weeks ago you received a number of requests from all the major farm groups, a number of members of Congress, for the Department of Agriculture to investigate potential empires, the impact of this venture on farms and consumer food prices. What action are you proposing to take on this Congressional request?

BERGLAND: There isn't a whole lot we can really do, in that there is no federal law restricting the ownership of property, excepting that which is in the public domain. The question of who can buy what is left generally to the states.

But I can tell you that my own personal bias in this is rather strong, clear, and unequivocal. I think it can be an economic disaster. Let me tell you why. I got married in June of 1950, my wife and I bought our first farm that July. We paid \$75 an acre for 280 acres. And that went along, and in 1960 we bought out my Mother and Dad. We paid \$125 an acre for 360 acres.

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We've improved the place and we now have \$100,000 or so invested in 600 acres of what I think is good, as good as Minnesota land can be, that is up where I live. I mean we're up, not quite at the end of the world, but -- you know we have 9 months of winter and 3 months of tough sledding up there near Canada.

But we do have a good farm in the North end of the Red River Valley of the North. \$100,000 invested in it; we owe \$20,000 to a creditor. In order to comply with the President's request for divestiture and financial disclosure, I had my place appraised. The appraiser came out, and he said "it's worth 730 bucks an acre." So I filed a financial report, in the papers, showing me worth half a million bucks. \$100,000 of it I've earned and \$400,000 is inflation.

Now, I leased my farm to my son-in-law. I've farmed that place 27 years. I know what it can produce, and I leased it to him for 20 bucks an acre. That's all he can pay, I know that. He knows it; so does everybody else. That means my farm should be worth \$200 an acre, 'cause the rule is 10 percent of market value. So the appraiser had \$730 applied to it. Why?

'Cause I got three neighbors waiting to buy me out. My neighbors are well-heeled, and so they'll run up the price. If people who are just interested in owning land for the purpose of speculation, continue to invest, land will become so expensive we can't afford to eat in the United States.

Now, the question is, should we pass a federal law pre-empting states or banishing corporate investments in agricultural land? That's a public question which has not even been debated as yet.

And so I'm not able to commit the Department of Agriculture to a response to that request which has just been received. But my own personal view is that I'm going to do that which I can do to discourage, or if I could help it, I would banish that kind of purely speculative investment, which family farmers find unable to be within their competitive capacity.

There's no way that some young kid is going to get married and start farming in Iowa with that \$50 million trust account sitting there and bidding up the price of land, no way. And I think if our free enterprise system is going to work we have to maintain competition. And I'm committed to the welfare of that young family, and I'm going to do everything I can toward that end.

